

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Approving certified project application for Athenian Corner Real Estate Holdings, LLC, and authorizing a Tax Increment Financing (TIF) agreement for Lowell Legacy Hotel, LLC.

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Athenian Corner Real Estate Holdings, LLC., has applied for designation as a Certified Project under the Massachusetts Economic Development Incentive Program created by Chapter 23A of Massachusetts General Laws; and

Athenian Corner Real Estate Holdings, LLC, meets the minimum standards of the Economic Development Incentive Program and the local economic development goals and criteria established as part of the documents creating the Lowell & Chelmsford Economic Target Area (ETA); and

The proposed project is located at 205 Market Street and 38 Shattuck Street, Lowell, Massachusetts; and

The project, as proposed, is consistent with and can reasonably be expected to benefit significantly from inclusion in the Lowell & Chelmsford Economic Target Area (ETA); and

The project as described in the proposal will have a reasonable chance of increasing employment opportunities for residents of the Lowell & Chelmsford Economic Target Area, thereby reducing blight, economic depression and reliance on public assistance; and

The project expects to create a minimum of Forty-five (45) new full-time jobs for residents of the Lowell & Chelmsford Economic Target Area over the next five (5) years; and

The City of Lowell has agreed to offer Athenian Corner Real Estate Holdings, LLC and Lowell Legacy Hotel LLC, a Tax Increment Financing Agreement, upon approval of the City Council. Said Agreement is incorporated by reference herein.

NOW, THEREFORE, BE IT VOTED BY THE CITY COUNCIL OF THE CITY OF LOWELL:

That the City Council of the City of Lowell approves the Athenian Corner Real Estate Holdings, LLC, a Tax Increment Financing Agreement and forwards said application for certification as a "TIF only Project" to the Massachusetts Economic Assistance Coordinating Council for its approval and endorsement.

BE IT FURTHER VOTED:

That the City Council of the City of Lowell authorizes the City Manager to enter into a Tax Increment Financing Agreement with Athenian Corner Real Estate Holdings, LLC, and Lowell Legacy Hotel LLC and authorizes its submission by the City Manager to the Massachusetts Economic Development Assistance Coordinating Council.

TAX INCREMENT FINANCING AGREEMENT
(Alternatively, the “Agreement”)
BETWEEN

THE CITY OF LOWELL
(Alternatively, the “City”)

LOWELL LEGACY HOTEL, LLC.
(Alternatively, the “Company”)

AND

ATHENIAN CORNER REAL ESTATE HOLDINGS LLC.
(Alternatively, the “Property Owner”)

This **AGREEMENT** is made as of this ____ day of _____, 2020 by and between the City, the Company and the Property Owner.

WHEREAS the City is a Massachusetts municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, having a principal place of business at 375 Merrimack Street, Lowell, MA 01852; and

WHEREAS the Company is a limited liability company having its principal office at 205 Market Street, Lowell, MA 01852, and is authorized to do business in Massachusetts; and

WHEREAS the Property Owner is a limited liability company having its principal office at 205 Market Street, Lowell MA 01852, and is authorized to do business in Massachusetts; and

WHEREAS the Property Owner owns the two parcels of land at 205 Market Street and 38 Shattuck Street which is shown on Lowell’s City Assessors Map 159, Parcel 3905-0205 and Parcel 5295-0038 (hereinafter the “Property”) and which parcels are shown on the map attached to this Agreement; and

WHEREAS the project (the “Project”) will result in the construction of the Lowell Legacy Hotel, a 57-room “boutique” hotel to be located in Downtown Lowell; and the renovation and expansion of the existing “Athenian Corner Restaurant”; and

WHEREAS the project (the “Project”) will result in an estimated capital investment of approximately \$14 million; and

WHEREAS the Company plans to retain 3 full-time jobs and create 45 new, permanent full-time jobs at 205 Market Street and 38 Shattuck Street; and

WHEREAS the Property is located within the boundaries of the Lowell & Chelmsford Economic Target Area (ETA) (as that term is used in Massachusetts General Laws, Chapter 23A, Section 3D, and referred to as the “ETA”); and

WHEREAS the Company intends to apply for status as a Certified Project under the Massachusetts Economic Development Incentive Program (EDIP); and

WHEREAS the City strongly supports increased economic development to provide additional jobs, expand business within the City, and to develop a healthy economy and stronger tax base; and

WHEREAS, On _____, _____, 2020, Lowell City Council approved this TIF Agreement a copy of which approval is attached hereto as Exhibit "A".

NOW, THEREFORE, in consideration of the mutual promises of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

THE CITY'S OBLIGATIONS

1. A Tax Increment Financing ("TIF") exemption (the "Exemption") is hereby granted to the Company by the City in accordance with Chapter 23A, Section 3E; Chapter 40, Section 59, and Chapter 59, Section 5 of the Massachusetts General Laws. The Exemption shall be for a period of ten (10) years (the "Exemption Term"), commencing in the fiscal year following the date that the Project is placed into service (i.e., pursuant to a certificate of occupancy; hereinafter referred to as the "Start Date"), and shall provide an exemption from taxation of the new incremental value of the Property resulting from the project as follows:

Year	Exemption Percentage
Year 1	100%
Year 2	90%
Year 3	80%
Year 4	70%
Year 5	60%
Year 6	50%
Year 7	40%
Year 8	30%
Year 9	20%
Year 10	10%

2. The base valuation shall be the assessed value of the Property for the fiscal year prior to the fiscal year beginning July 1st in which the Property first becomes eligible under 760 CMR 22.05(4) for exemption pursuant to this Agreement.
3. The base valuation shall be adjusted annually by an adjustment factor, which reflects increased commercial and industrial property values within the community, as provided in Chapter 40, Section 59 of the Massachusetts General Laws and 760 CMR 22.05 (4)(b).
4. The Company won't be exempt from paying municipal personal property taxes, room occupancy taxes or other taxes and fees associated with the hotel and restaurant (the "Project") operations.

THE COMPANY'S OBLIGATIONS

The City grants the Exemption to the Company and the Property Owner in consideration of and commitment of the following:

1. The Company shall commence business operations at 205 Market Street and 38 Shattuck Street by March of 2022.
2. The Company shall operate "Lowell Legacy Hotel" at 205 Market Street and 38 Shattuck Street during the duration of this TIF Agreement.

3. The Company shall retain three (3) full-time jobs and create forty-five (45) new, permanent, full-time jobs as defined by 402 CMR 2.03 at 205 Market Street and 38 Shattuck Street over the first five (5) years after this agreement's start date. The retained and new jobs shall be maintained in Lowell (at 205 Market Street and 38 Shattuck Street) until the termination of this TIF Agreement.
4. The Company, subject to applicable law and assuming equal qualifications, plans to use reasonable efforts to work with the University of Massachusetts Lowell, Middlesex Community College, MassHire (Lowell Career Center), CTI's YouthBuild Culinary program and other agencies, as appropriate, to hire qualified Lowell residents for the 45 new jobs proposed under this Project.
5. The Company's job retention and creation plans are outlined in the Employment, Job Creation & Workforce Analysis section of state's Economic Development Incentive Program (EDIP) Application submitted to the State in connection with the Company's request for a TIF exemption (the "Application").
6. The Company shall submit annual reports on job retention and creation as well as new investments at the Property to the Massachusetts Economic Assistance Coordinating Council ("EACC") through the state's on-line portal for each year of the Application designation. The annual report shall include the number of permanent full-time jobs retained and created, and the value of Project capital investments with respect to the Property annually and on a cumulative basis.
7. If the Company does not meet its job creation and retention obligations as set forth in Paragraph 1 of this Section and the Application by the end of Year 5 and annually thereafter until the end of this TIF agreement, the City has the right to recapture the tax exemption benefits received by the Company retroactive from Year 1 of this TIF agreement pursuant to the following chart and the terms of Paragraph 7 of this Section:

	Job Creation+ Retention		
	Proposed	50% Threshold	Below 50% Threshold
# of Jobs to be created + retained by Yr. 5	≥48	24	<24
Allowed tax benefits recapture by Yr. 5	0	50%	100%

8. If the Company makes changes to its limited partnership by changing any of the following: entity's structure; name; adding a new general partner; withdrawal of a general partner or any other changes to its business entity; it must file an amendment with the MA Corporation Division within thirty (30) days and notify both the Massachusetts Economic Assistance Coordinating Council ("EACC") and the City.
9. If the City determines that a material variance has occurred between the Company's conduct and its obligations specified in Paragraphs 1, 2, 3, 4, 5, 6, 7 and 8 of this Section, the City may take action to notify the EACC and/or request decertification of the Project by the EACC. Prior to taking any action to request decertification of the Project by the EACC or recapture any tax exemption benefits received by the Company pursuant to Paragraph 6 of this Section, the City shall give written notice of the alleged default to the Company and provide it a reasonable opportunity to meet with the City officials to discuss a remedy for the alleged default. The Company shall have thirty (30) days from the receipt of such written notice to respond to the City regarding any alleged default and one-hundred and twenty (120)

days from the receipt of such written notice to remedy such alleged default. If the Company remedies any such alleged default within such time period, the City shall not take action to either decertify the Project or recapture any tax exemption benefits. If the Project is decertified, the City may discontinue the Tax Increment Financing Exemption benefits provided to the Company prospectively, commencing with the first fiscal year in which the Project is decertified.

9. If the Company plans to move from its principal location at 205 Market Street and 38 Shattuck Street, the City shall be given sixty (60) days advance written notice.
10. The Company shall make an effort to support to the Lowell community by engaging in community service and financial support to local non-for-profit organizations.
11. The Company shall make an effort to join and maintain a membership with the Middlesex 3 Coalition to help foster economic development and job growth along the Rt. 3 Corridor.
12. The Company shall make an effort to support the local business community by being open to utilizing qualified Lowell businesses whenever commercially reasonably possible.

THE PROPERTY OWNER'S OBLIGATIONS

1. The Property Owner shall obtain project approval for the project by the Lowell Planning Board no later than June, 30th, 2020.
2. The Property Owner shall start construction on the project by December 1st, 2020.
3. The Property Owner shall use commercially reasonable efforts to have the Project completed by December 30th, 2021.
4. The Property Owner shall make significant investment at 205 Market Street and 38 Shattuck Street, in an amount not less than \$14 Million in soft and hard costs by the end of 2021.
5. The Property Owner agrees, whenever commercially reasonably possible, to generate local economic development benefit to the City throughout the construction phase of the project by implementing local procurement of goods and services , and/ or by the anticipated employment of Lowell residents for skilled trade jobs performed at the Property.

OTHER CONSIDERATIONS

1. Pursuant to 760 C.M.R. 22.05(8) (d), this Agreement shall be binding upon the Company, their successors, assigns, the Property Owner and subsequent owners of the Property, and the City.
2. The matters described above as obligations of the Company and Property Owner are only conditions to the eligibility for tax exemptions under this Agreement, and do not create any enforceable obligations or covenants of the Company or Property Owner. The City's sole remedy for failure by the Company or Property Owner to satisfy any of its respective obligations and conditions is set forth in Paragraph 7 of the Company's Obligations section of this Agreement.

3. By execution of this Agreement, the Property Owner has assigned to and with regard to the future rights hereunder, assigns and passes on to Company, without the necessity of any notice, documentation and/or action real estate tax savings resulting from this Agreement to the Company.
4. This Agreement is subject to Massachusetts General Laws Chapter 23A, Section 3A-3F inclusive, Chapter 40, Section 59, and Chapter 59, Section 5, cl. 51, 760 CMR 22.00, and any other applicable statutes and regulations, all of which are incorporated herein in their entirety by reference.
5. Should any provision of the Agreement be declared or determined by a court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms, and provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of the Agreement.
6. The time within which the Company shall be required to perform any of the respective acts or obligations under this Agreement shall be extended to the extent that the performance of such acts or obligations shall be delayed by a Force Majeure Event and only for so long as said Force Majeure Event has continued. A Force Majeure Event means any supervening events or occurrences, such as acts of God, earthquakes, fire, acts of terrorism, war, labor disputes, delays or restrictions by government bodies, or other causes that are beyond the reasonable control of the Company.

WITNESS the execution and delivery of this Agreement by the City, the Company and the Property Owner as an instrument under seal as of the date first above written.

AGREED TO:

Athenian Corner R.E. Holdings LLC.

By: _____
Stavros Panagiotopoulos
Property Owner

By: _____
Print Name: _____
Date: _____

Lowell Legacy Hotel, LLC.

By: _____
Theodore Panagiotopoulos
Manager

Date: _____

City of Lowell

By: _____
Eileen M. Donoghue

City Manager

Date: _____

By: _____
Susan LeMay
City Assessor

Date: _____
Approved as to Form:

By: _____
Christine O'Connor
City Solicitor

Date: _____

ATTACHMENT
Property Map

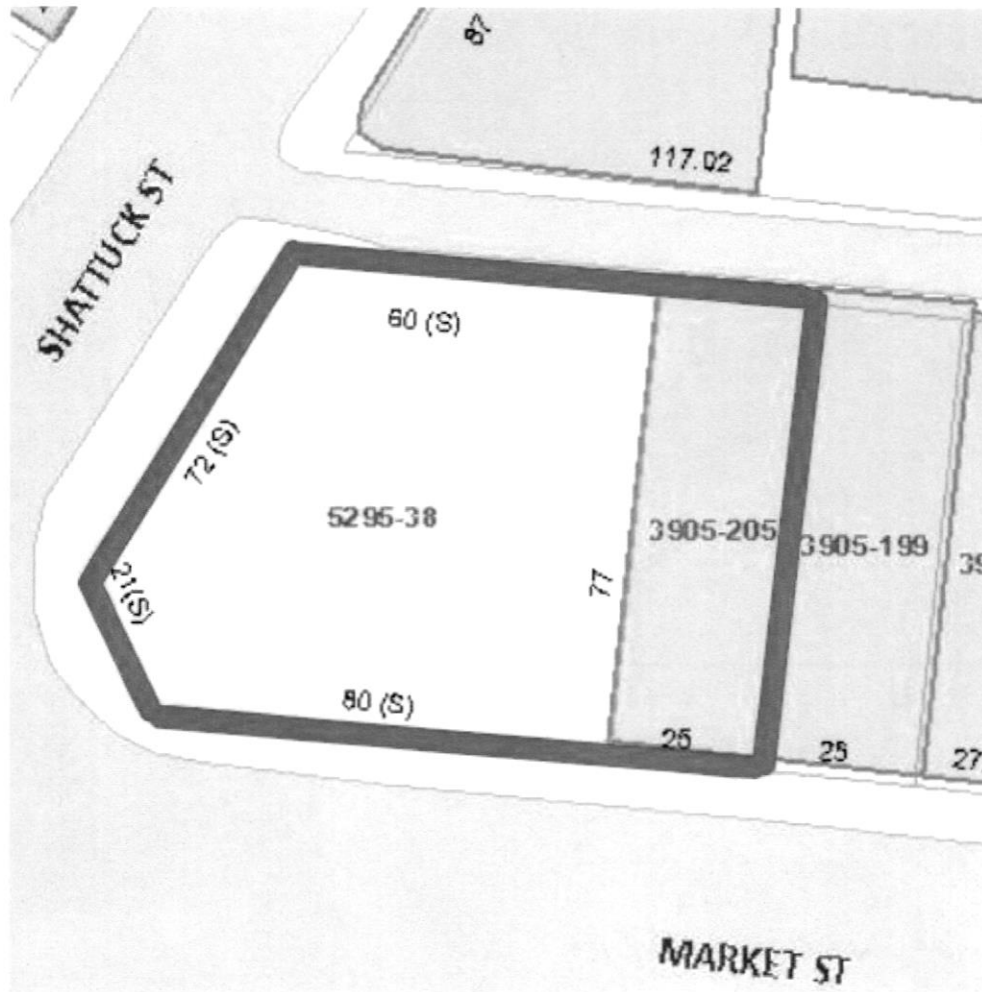


Exhibit A

EDIP- City of Lowell TIF Proposal: Lowell Legacy Hotel (205 Market Street & 38 Shattuck Street)

<u>Base Value (FY 20)*:</u>	\$331,600
<u>Total Private investment:</u>	\$14,000,000
<u>Tax Rate(FY 17)</u>	\$28.59/ \$1,000

FY	Municipal Tax Rate Per Thousand	Estimated Valuation- 205 Market St. & 38 Shattuck St.	Incremental Assessed Value	Projected Annual RE Property Tax Bill for Incremental Assessed Value	TIF Yearly Exemption %	Exempted Annual RE Property Taxes	City's Capture of TIF Yearly Exemption %	City's Additional RE Property Taxes
FY1	\$28.59	\$10,502,300.00	\$10,170,700.00	\$290,780.31	100%	\$290,780.31	0%	\$0.00
FY2	\$28.59	\$10,607,323.00	\$10,275,723.00	\$293,782.92	90%	\$264,404.63	10%	\$29,378.29
FY3	\$28.59	\$10,713,396.23	\$10,381,796.23	\$296,815.55	80%	\$237,452.44	20%	\$59,363.11
FY4	\$28.59	\$10,820,530.19	\$10,488,930.19	\$299,878.51	70%	\$209,914.96	30%	\$89,963.55
FY5	\$28.59	\$10,928,735.49	\$10,597,135.49	\$302,972.10	60%	\$181,783.26	40%	\$121,188.84
FY6	\$28.59	\$11,038,022.85	\$10,706,422.85	\$306,096.63	50%	\$153,048.31	50%	\$153,048.31
FY7	\$28.59	\$11,148,403.08	\$10,816,803.08	\$309,252.40	40%	\$123,700.96	60%	\$185,551.44
FY8	\$28.59	\$11,259,887.11	\$10,928,287.11	\$312,439.73	30%	\$93,731.92	70%	\$218,707.81
FY9	\$28.59	\$11,372,485.98	\$11,040,885.98	\$315,658.93	20%	\$63,131.79	80%	\$252,527.14
FY10	\$28.59	\$11,486,210.84	\$11,154,610.84	\$318,910.32	10%	\$31,891.03	90%	\$287,019.29
Totals						\$1,359,059.31		\$1,396,747.80

Note: In Massachusetts, Proposition 2½ operates at the level of a municipality's total tax levy. Due to Proposition 2½, it is impossible to make reliable projections for individual parcels, whose taxes may increase much more or much less than the municipality

Average Annual Exemption = **\$135,905.93**
City's Average Annual New Tax Revenue = **\$139,674.78**

***base year**

Eileen M. Donoghue
City Manager

Kara Keefe Mullin
Assistant City Manager

March 24, 2020

Mayor John J. Leahy
and
Members of the City Council

REFERENCE: Lowell Legacy Hotel, LLC Tax Increment Financing

Dear Mayor Leahy and Members of the City Council:

Attached please find a proposed Tax Increment Financing (TIF) Agreement for Athenian Corner Real Estate Holdings LLC (property owner), and Lowell Legacy Hotel, LLC (certified project).

If approved, this \$14M project will result in the construction of a 57-room "boutique" style hotel at 205 Market and at 38 Shattuck Streets. This project calls for the full rehabilitation and expansion of the existing historic Putnam building at 205 Market Street (home of Athenian Corner Restaurant) and a new building at 38 Shattuck Street, currently a vacant lot. As a result, the project will more than double the size of the existing building and will also expand and modernize the Athenian Corner Restaurant by adding a large function room and meeting space. Athenian Corner, a family-owned restaurant, has been in operation in Downtown Lowell since 1974. The Lowell Legacy Hotel project hopes to build upon the restaurant's legacy to become the latest Downtown landmark.

As part of the project, Lowell Legacy Hotel, LLC proposes to retain all existing permanent full-time jobs currently at the restaurant while adding up to 45 additional jobs within the first five years. The Lowell Legacy Hotel, LLC agrees to make efforts to hire locally by working with the Economic Development Office, MassHire, University of Massachusetts, Lowell, Middlesex Community College, CTI's YouthBuild Culinary Program and other local agencies, as appropriate, to hire qualified Lowell residents for the new jobs proposed under this project.

The proposed TIF Agreement will only affect the taxes on new value (growth) as the existing taxes (baseline) due at 205 Market Street will continue to be paid in full throughout the proposed term. The incremental growth each year against the baseline year -- factoring in the exemption values-- will result in an estimated \$1,396,747.80 in new taxes, above and beyond the baseline, during the same 10-year period, or an average of \$139,674.78 per year. It will also result in an estimated savings to the Athenian Corner Real Estate Holdings LLC of \$1,649,839.62 over the course of the 10-year plan, or an average of \$164,983.96 per year. Along with the growth in property tax revenue, it is estimated that approximately \$812,000 will be generated annually in state and local room and meal taxes. Should the Lowell Legacy Hotel, LLC cease its operations and/or vacate these two properties before the term of the proposed TIF Agreement, or not fulfill its job creation or private investment commitments, the TIF would be decertified and the City could recapture any tax benefits received by Athenian Corner Real Estate Holdings LLC.

I recommend supporting this TIF Agreement to make the Lowell Legacy Hotel, LLC project a reality in Downtown Lowell.

Sincerely,



Eileen M. Donoghue
City Manager

EMD/ns
Attachment

cc: Diane N. Tradd, Assistant City Manager/DPD Director
Christine P. O'Connor, City Solicitor
Christine McCall, Economic Development Director